

## Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-07 INR-10 L-03 NEA-10 PA-04 RSC-01

PRS-01 SP-03 TRSE-00 SAJ-01 IO-14 SAM-01 ACDA-19

OMB-01 CIEP-02 EB-11 COME-00 SS-20 NSC-07 AEC-11

AECE-00 FRB-02 EURE-00 DRC-01 /155 W

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O 041013Z APR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 1552

C O N F I D E N T I A L SECTION 01 OF 02 BONN 05442

C O R R E C T E D C O P Y - DATE TIME GROUP (041013Z VICE 082146Z)

DEPARTMENT PLEASE PASS TREASURY AND DEFENSE

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: OFFSET

REF: BONN 5274

1. FOLLOWING IS GERMAN TRANSLATION OF FRG DRAFT  
OFFSET AGREEMENT WHICH WILL SERVE AS BASIS FOR  
DISCUSSION BETWEEN EXPERT TEAMS APRIL 4.

2. BEGIN TEXT. THE GOVERNMENTS OF THE FEDERAL  
REPUBLIC OF GERMANY AND THE UNITED STATES OF AMERICA  
AGREE AS FOLLOWS:

1. MILITARY PROCUREMENT

A) BETWEEN JULY 1, 1973, AND JUNE 30, 1975, THE  
GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY WILL  
MAKE PAYMENTS FOR PROCUREMENT OF US GOODS AND SERVICES  
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IN THE FIELD OF DEFENSE IN THE AMOUNT OF DM 2,750

MILLION. OF THIS AMOUNT DM 121 MILLION WAS PAID  
BEFORE JULY 1, 1973.

B) ALL MILITARY PROCUREMENT BY THE FEDERAL REPUBLIC  
OF GERMANY WILL BE MADE IN THE LIGHT OF GERMAN  
MILITARY REQUIREMENTS AND BUDGET CAPABILITIES, GIVEN  
THE AVAILABILITY AND ECONOMIC ADVANTAGE OF PROCUREMENT  
IN THE UNITED STATES OF AMERICA.

## 2. INVESTMENTS FOR TROOP FACILITIES

A) BETWEEN JULY 1, 1973, AND JUNE 30, 1975, THE  
GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY WILL  
MAKE AVAILABLE AN AMOUNT OF DM 600 MILLION FOR THE  
FINANCING OF

(A) SUPPLIES AND SERVICES FOR THE MODERNIZATION  
OF ACCOMMODATIONS USED BY THE FORCES OF THE UNITED  
STATES OF AMERICA STATIONED IN THE FEDERAL REPUBLIC  
OF GERMANY,

(B) THE SAFEGUARDING AND TRANSFER OF AMMUNITION  
DEPOTS AND FIRING RANGES AS WELL AS OTHER MEASURES OF  
ENVIRONMENTAL PROTECTION.

SPECIFIC PROJECTS WILL BE AGREED BETWEEN THE TWO SIDES.  
AN AMOUNT OF UP TO DM 100 MILLION SHALL BE EARMARKED  
FOR MEASURES SUCH AS SPECIFIED UNDER (B) ABOVE.

THE DISBURSEMENT OF THE FUNDS WILL BE MADE IN PORTIONS  
SUBJECT TO THE PROGRESS OF THE BUILDING PROJECTS  
(PROCUREMENT PROJECTS), SIMILARLY TO EXISTING  
PROCEDURAL ARRANGEMENTS.

WHERE APPROPRIATE, THE FUNDS SET ASIDE MAY ALSO BE  
USED TO FINANCE NEW BUILDING MEASURES.  
AMOUNTS NOT UTILIZED BY JUNE 30, 1975, SHALL REMAIN  
AVAILABLE BEYOND THAT DATE FOR THE FINANCING OF  
MEASURES AS ENVISAGED UNDER SUBPARAGRAPHS (A) AND (B)  
ABOVE.

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B) STRUCTURES, IMPROVEMENTS AND OTHER ALTERATIONS  
INCLUDING BUILT-IN EQUIPMENT FINANCED IN THIS MANNER  
WILL BE TREATED AS PROPERTY OWNED BY THE FEDERAL  
REPUBLIC OF GERMANY USED BY THE UNITED STATES FORCES  
WITHIN THE FRAMEWORK OF THE NATO STATUS OF FORCES  
AGREEMENT AND THE SUPPLEMENTARY AGREEMENT THERETO.

## 3. LANDING FEE AND REAL ESTATE TAXES INVOLVING NON-

APPROPRIATED FUND ORGANIZATIONS

A) DURING THE PERIOD UP TO JUNE 30, 1975, THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY WILL PAY THE LANDING FEES AND UTILIZATION CHARGES PAYABLE BY THE UNITED STATES OF AMERICA FOR THE USE OF GERMAN CIVILIAN AIRFIELDS BY AIRCRAFT EMPLOYED IN THE SERVICES OF THE UNITED STATES FORCES.

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O 082146Z APR 74

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TO SECSTATE WASHDC IMMEDIATE 1553

C O N F I D E N T I A L SECTION 02 OF 02 BONN 05442

B) DURING THE PERIOD UP TO JUNE 30, 1975, THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY WILL WAIVE REIMBURSEMENT FOR THE REAL ESTATE TAXES PAYABLE OR REFUNDABLE BY THE FEDERAL REPUBLIC OF GERMANY UNDER GERMAN LAW ON ACCOMMODATIONS USED BY NON-APPROPRIATED FUND ORGANIZATIONS OF THE UNITED STATES FORCES.

C) THE FUNDS TO BE MADE AVAILABLE FOR THE ABOVE-MENTIONED PURPOSES BY THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY ARE FIXED AT A LUMP SUM OF DM 20

MILLION. INsofar AS PAYMENT HAS BEEN MADE BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA, THE MATTER WILL BE LEFT AT THAT.

#### 4. CIVIL PROCUREMENT

A) UNTIL JUNE 30, 1975, THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY WILL MAKE PAYMENTS IN THE AMOUNT OF DM 200 MILLION UNDER AN AGREEMENT TO BE CONCLUDED BETWEEN THE FEDERAL MINISTRY FOR RESEARCH  
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AND TECHNOLOGY AND THE US ATOMIC ENERGY COMMISSION ON THE PURCHASE OF URANIUM SEPARATION WORK INCLUDING THE PERTINENT NATURAL URANIUM.

B) BETWEEN JULY 1, 1973, AND JUNE 30, 1975, THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY WILL FURTHERMORE MAKE PAYMENTS IN THE AMOUNT OF DM 100 MILLION FOR PROJECTS TO BE IMPLEMENTED WITHIN THE FRAMEWORK OF SCIENTIFIC AND TECHNOLOGICAL COOPERATION, E.G., IN THE FIELDS OF ENERGY, TREATMENT AND REMOVAL OF RADIOACTIVE WASTES, REACTOR SAFETY RESEARCH" SPACE, ETC.  
THE DETAILS WILL BE ARRANGED BETWEEN THE FEDERAL MINISTRY FOR RESEARCH AND TECHNOLOGY AND THE RESPONSIBLE UNITED STATES AGENCY ( ).

#### 5. BUNDESBANK CREDITS

ARRANGEMENTS WILL BE CONCLUDED BETWEEN THE DEUTSCHE BUNDESBANK AND THE UNITED STATES TREASURY (IN CO-OPERATION WITH THE UNITED STATES FEDERAL RESERVE BOARD) CONCERNING INVESTMENT BY THE DEUTSCHE BUNDESBANK DURING THE PERIOD JULY 1, 1973, TO JUNE 30, 1975, IN SPECIAL 7 YEARS, 2.5 PER CENT, DOLLAR-DENOMINATED UNITED STATES GOVERNMENT SECURITIES.  
THE OBJECTIVE SHOULD BE THE INVESTMENT BY THE DEUTSCHE BUNDESBANK OF DM 2,250 MILLION.

#### 6. DETAILED ARRANGEMENTS

WHERE DETAILED ARRANGEMENTS ARE REQUIRED, THEY WILL BE MADE BY THE RESPONSIBLE AGENCIES OR MINISTRIES OF THE FEDERAL REPUBLIC OF GERMANY AND THE UNITED STATES OF AMERICA. THE GOVERNMENTS OF THE FEDERAL REPUBLIC OF GERMANY AND THE UNITED STATES OF AMERICA AGREE THAT THE ARRANGEMENTS MADE IN THIS MINUTE FULLY OFFSET THE DM EXPENDITURES OF THE UNITED STATES FORCES IN GERMANY, AS GIVEN BY THE UNITED STATES GOVERNMENT, DURING THE

PERIOD FROM JULY 1, 1973 TO JUNE 30, 1975.

PAYMENTS BY THE GOVERNMENT OF THE FEDERAL REPUBLIC OF  
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GERMANY TO THE UNITED STATES UNDER THE PRESENT  
EXCHANGE OFFSET AGREEMENT SHALL BE MADE ON CONDITION  
THAT THE LEVEL OF THE UNITED STATES FORCES IN THE  
FEDERAL REPUBLIC OF GERMANY WILL ESSENTIALLY BE KEPT  
AS AT JULY 1, 1973. IN THE EVENT OF A SUBSTANTIAL  
REDUCTION, THE GOVERNMENT OF THE FEDERAL REPUBLIC OF  
GERMANY RESERVES THE RIGHT TO PROPOSE CONSULTATIONS  
REGARDING THE EFFECT OF SUCH A REDUCTION ON THE  
OBLIGATIONS LAID DOWN IN THIS AGREEMENT. END TEXT.

3. REPORT ON APRIL 4 MEETING FOLLOWS BY SEPTTEL.  
HILLENBRAND

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## Message Attributes

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